



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 24, 2011

H.R. 1121

Responsible Consumer Financial Protection Regulations Act of 2011

As ordered reported by the House Committee on Financial Services on May 13, 2011

SUMMARY

H.R. 1121 would replace the Director of the Consumer Financial Protection Bureau (CFPB) with a commission made up of a chairman and four additional members appointed by the President and confirmed by the Senate. The commission would be responsible for developing regulations to carry out the laws that fall within the jurisdiction of the CFPB. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve. Because that activity is not subject to appropriation, CFPB expenditures constitute direct spending.

Based on information from the CFPB, CBO estimates that enacting H.R. 1121 would increase direct spending by \$71 million over the 2012-2021 period. Because the bill would affect direct spending, pay-as-you-go procedures apply. CBO estimates that the bill would not affect revenues or spending subject to appropriation.

H.R. 1121 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1121 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars											2012- 2016	2012- 2021
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021			
	CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	5	7	7	7	7	7	7	8	9	9	34	73	
Estimated Outlays	4	6	7	7	7	7	7	8	9	9	31	71	

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

CBO assumes that the bill will be enacted near the end of fiscal year 2011, that the new commissioners will be hired by the end of the first quarter of fiscal year 2012, and that spending will follow historical patterns for similar activities.

H.R. 1121 would replace the director and deputy director of the CFPB with a five-member commission. Based on information from the CFPB, CBO estimates that the agency would hire an additional 20 employees in fiscal year 2012 to provide legal, research, and administrative support to the commissioners; currently, the CFPB projects that the director's office would be supported by a staff of 10 employees that would provide similar services.

The agency plans to reach full staffing levels (about 1,500 employees) over the next several years; of that total, approximately 300 positions are expected to transfer from other regulatory agencies near the end of fiscal year 2011. The new staff will carry out the authority that will be transferred to the bureau in July to enforce federal laws related to consumer financial protection and to establish a number of new offices that will focus on fair lending, financial education, and financial protection for older Americans and service members. To carry out those authorities, CBO estimates that the bureau will spend \$114 million in 2011 and an average of about \$420 million per year over the 2011-2021 period.

Based on information from the CFPB and other agencies with similar organizational structures, CBO estimates that enacting H.R. 1121 would increase direct spending by \$71 million over the 2012-2021 period (about 2 percent of CBO's estimate of the 11-year costs for the bureau). Those additional costs represent expenses for salaries, benefits, and overhead for new positions that would not be created under current law.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 1121 as ordered reported by the House Committee on Financial Services on May 13, 2011

	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	4	6	7	7	7	7	7	8	9	9	31	71

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1121 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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